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RUEHOS/AMCONSUL LAGOS PRIORITY 0081
RUEHDG/AMEMBASSY SANTO DOMINGO PRIORITY 5749
RUEHTC/AMEMBASSY THE HAGUE PRIORITY 0727
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C O N F I D E N T I A L KINGSTON 002022

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STATE FOR WHA/CAR (BUDDEN, NICHOLS)

E.O. 12958: DECL: 10/11/2016
TAGS: ECON EFIN EINV PGOV PINR PREL SOCI KCOR JM
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SUBJECT: JAMAICA: A TRAFIGURA SCANDAL PRIMER

REF: A. KINGSTON 1592

- 1B. KINGSTON 1903
- 1C. KINGSTON 402
- 1D. KINGSTON 1342

Classified By: Ambassador Brenda L. Johnson, reasons 1.4 (b) and (d)

Summary

11. (SBU) The six-month old administration of People's National Party (PNP) Prime Minister Portia Simpson Miller faces embarrassing and intense scrutiny over its acceptance of JMD 31 million (approximately USD 475,000) from a Dutch-based oil trading firm. The firm, Trafigura Beheer BV, holds the contract to lift, market, and trade oil that Jamaica receives from Nigeria under a concessionary financing arrangement. The powerful Minister for Information and Development, Colin Campbell, already has resigned, and opposition leader Bruce Golding has called for the entire government to follow suit and allow general elections to be held as soon as possible. Simpson Miller has admitted meeting recently with Trafigura executives in New York, but claims to have known nothing of any transfer of funds. If the Prime Minister herself becomes more deeply implicated, there could in fact be a dissolution of Parliament and snap elections; if not, the scandal seems more likely to push back the timetable for elections until later next year - ironically, something the Opposition Jamaica Labor Party (JLP) admits privately it can ill afford. End summary.

Background

12. (SBU) The Government of Jamaica (GOJ) has had concessionary oil deals with Nigeria since the 1970s. The quotas have varied as the agreements are renegotiated, but have always been in the range of 20-30,000 bpd. The GOJ claimed, however, that the PetroJam refinery in Kingston (ref. A) cannot process the type of crude that is sourced from Nigeria. Over the ensuing years, the GOJ has contracted with various oil traders to lift, market, and trade the oil. In October, 2000, the GOJ signed an agreement a Dutch oil trading company named Trafigura Beheer BV (headquartered in Switzerland) for this purpose.

¶3. (SBU) The proceeds from the sale of the Nigerian oil were intended to be used to purchase finished petroleum products that would be received to and distributed from the PetroJam refinery. Therefore, the profits were routed to the Petroleum Corporation of Jamaica (PCJ). In April, 2005, however, Finance Minister Omar Davies directed that the funds be deposited directly into the National Treasury, under the GOJ's "Consolidated Fund." It is unclear how this money was then spent.

The JLP on the offensive

¶4. (SBU) On October 4, Opposition Jamaica Labor Party (JLP) leader Bruce Golding announced in Parliament that his party had uncovered "shady dealings" between the ruling People's National Party (PNP) and Trafigura Beheer BV. Golding alleged that Trafigura had paid the PNP JMD 31 million (approximately USD 475,000) through accounts belonging to Minister of Information and Development) and PNP General Secretary - Colin Campbell. These monies, he continued, were

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used to fund the lavish PNP National Convention (ref. B) held September 21-24.

¶5. (SBU) Golding called for the resignation of prominent PNP officials, and for immediate elections. Private sector organizations also have criticized the PNP's acceptance of the money. On October 5, PNP Minister of Housing, Transport, Water and Works (and PNP Party Chairman) Robert Pickersgill stated that the money was a campaign "donation," and as such there was no impropriety (Note: It was Pickersgill, in his capacity as Minister of Mining and Energy, who renegotiated the deal in 1999-2000. End note). On October 6, however, Trafigura stated that it was not a campaign contribution at all, and that the company's dealings in Jamaica are "strictly commercial."

¶6. (C) The campaign by Golding has been partially successful thus far. On October 9, Colin Campbell resigned his positions as Minister of Information and Development and as General Secretary of the Party, although he retains his Senate seat, to the irritation of some (Senators are appointed, and thus some feel that he should resign from that position, as well). Other prominent JLP targets are the Minister of Industry, Technology, Energy and Commerce (MITEC), Phillip Paulwell, Attorney General A.J. Nicholson, and Minister Pickersgill.

A Political Mistake?

¶7. (C) As post will report septel, PolEconCouns, PolOff and EconOff met with JLP MP James Robertson on October 10. Robertson indicated that he thought the JLP leadership had made a mistake in bringing the issue into the public domain too soon. He argued that the revelations have only served to ensure that the ruling PNP will not call elections this year, as many (particularly the JLP) had hoped. He opined that the JLP's party machinery "does not have a sixth gear," and worried that they would sputter due to lack of funds if the PNP waited that long.

Who Leaked and Why Now?

¶8. (SBU) At issue is also the question of how the Opposition came to uncover the scandal. Rumor and speculation abound, but it is clear that the official of First Caribbean Bank, Sonia Christie, who discovered the unusual money transfers is the wife of JLP Deputy Mayor of Falmouth, Fitz Christie. While JLP contacts maintain that, by virtue of her position at the bank, she was duty-bound to report the suspicious

transfers of amounts over USD 10,000, PNP supporters clearly see this as a partisan attack and a crime against privacy laws, for which Christie should be prosecuted. First Caribbean has put Christie on leave while it investigates the matter.

¶9. (C) Others, reflecting the Jamaican penchant for conspiracy theories, perceive the hand of Minister of National Security Peter Phillips at work. Phillips was defeated in a close and sometimes rancorous internal party election for the leadership by Simpson Miller (ref. D), and it is an open secret that the two are not working well together, despite public appearances suggesting PNP internal unity. There have been rumors that Phillips and his supporters in the PNP are willing to "throw" this election in order to oust Simpson Miller, and the current scandal only abets this claim.

Comment

¶10. (C) If Simpson Miller can weather this storm without too many more disastrous leaks, she will likely wait some time before calling general elections, as Robertson predicts. However, the possibility cannot be ruled out that she herself will become deeply implicated, perhaps thus forcing her resignation. In such a scenario, her likely successor, Phillips, also would prefer to wait to call elections, but the clamor of public opinion might well be too great to ignore.

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